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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/30/09

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1) Poll: 63 PERCENT urge Ozawa to quit; Cabinet support rebounds to 22 PERCENT

ASAHI (Top play) (Abridged)
March 30, 2009

Democratic Party of Japan (Minshuto) President Ozawa's state-funded secretary has been indicted over illicit donations from a construction company to Ozawa's fund-managing body. In the wake of this incident, the Asahi Shimbun conducted a telephone-based spot nationwide public opinion survey on March 28-29. According to findings from the survey, 63 PERCENT of the respondents answered "yes" when they were asked if they thought it would be better for Ozawa to resign from his party post, up from 57 PERCENT in the last survey taken March 7-8. "No" accounted for 24 PERCENT. The DPJ was substantially above the ruling Liberal Democratic Party in the public's preference of political parties for proportional representation in the next election for the House of Representatives. In the survey this time, however, the gap between the two parties narrowed, with the DPJ at 31 PERCENT and the LDP at 27 PERCENT.

Even among DPJ supporters, the "better to resign" opinion accounted for 51 PERCENT, and "better to stay on" at 44 PERCENT. In the last

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survey, the figures were 40 PERCENT versus 49 PERCENT, and those in support of Ozawa's decision to stay on outnumbered those negative. In the survey this time, however, "better to resign" topped "better to stay on."

In the survey, respondents were also asked which political party they would vote for in their proportional representation blocs if they were to vote now. In an earlier survey taken in mid-February before the last survey and before the arrest of Ozawa's secretary, the DPJ was substantially above the LDP, with the DPJ at 42 PERCENT and the LDP at 22 PERCENT. In the last survey, however, the gap narrowed to 36 PERCENT versus 24 PERCENT.

In the breakdown of public support for political parties as well, the LDP and the DPJ were on a par at 22 PERCENT in the last survey. In the spot survey this time, however, the LDP outstripped the DPJ, with the LDP at 27 PERCENT and the DPJ at 20 PERCENT.

In the meantime, the rate of public support for Prime Minister Aso's cabinet was 22 PERCENT, rising from the 14 PERCENT rating in the last survey. Among LDP supporters, the Aso cabinet's approval rating was only 40 PERCENT in the survey before last but picked up to 48 PERCENT in the last survey and to 56 PERCENT in the survey this time.

Respondents were further asked which one between Aso and Ozawa they thought would be more appropriate as premier. In this preference of leadership for the nation, Aso scored 30 PERCENT, with Ozawa at 26 PERCENT. The figures were 22 PERCENT versus 32 PERCENT in the last survey. In the latest survey, however, Aso outstripped Ozawa.

2) Poll: 64 PERCENT urge Ozawa to quit; Cabinet support rises to 25 PERCENT

NIKKEI (Page 1) (Abridged)
March 30, 2009

In the latest opinion poll jointly conducted by the Nihon Keizai Shimbun and TV Tokyo on March 27-29, respondents were asked if they thought Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), should resign his party post over the indictment of his state-funded secretary in connection with Nishimatsu Construction Co.'s huge illicit payoffs to Ozawa's fund-managing body. In response to this question, 64 PERCENT

answered "yes," with 22 PERCENT saying his decision to stay on is appropriate. The Aso cabinet's support rate was 25 PERCENT , up 10 points from the last survey taken in February. It rebounded to top 20 PERCENT for the first time since December last year. The nonsupport rate decreased 13 points to 67 PERCENT .

In the breakdown of public support for political parties, the ruling Liberal Democratic Party dropped 1 point to 33 PERCENT , with the DPJ likewise falling 5 points to 30 PERCENT . The LDP outstripped the DPJ for the first time since December last year. This seems to reflect the indictment of Ozawa's secretary. In the public's preference of political parties for proportional representation in the next election for the House of Representatives, the DPJ was above the LDP, with the DPJ tallying 31 PERCENT and the LDP at 28 PERCENT . However, the gap has shrunk 13 points.

The survey was taken by Nikkei Research Inc. by telephone on a random digit dialing (RDD) basis. For the survey, samples were

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chosen from among men and women aged 20 and over across the nation. A total of 1,557 households with one or more eligible voters were sampled, and answers were obtained from 922 persons (59.2 PERCENT).

3) Morita newly elected as Chiba governor, defeating DPJ's candidate and others

TOKYO SHIMBUN (Top Play) (Excerpts)
March 30, 2009

Independent Kensaku Morita, 59, was elected governor of Chiba Prefecture in Sunday's election, defeating four other candidates including Taira Yoshida, 49, former railroad company president, supported by the main opposition Democratic Party of Japan (DPJ). Morita ran in the gubernatorial race as an independent, but he was backed by about half of the Liberal Democratic Party (LDP) members in the Chiba Prefectural Assembly. He succeeded in winning support from unaffiliated voters because his name is well known.

The large-scale election was the first one to be held since DPJ President Ichiro Ozawa's first state-paid secretary was indicted for receiving huge amounts of illegal donations from Nishimatsu Construction Co. In the wake of Yoshida's defeat, calls for Ozawa to resign as party leader are bound to rekindle in the DPJ, although Ozawa has expressed his intention to remain in his post. The largest opposition party fielded Yoshida as candidate, after giving up on its decision to recommend Kansai University Prof. Masumi Shiraishi. Ozawa on the 28th called on Yoshida's election office in Chiba City to give him words of encouragement. However, Yoshida appears to have failed to gain votes due to the indictment of Ozawa's secretary.

Commentary

Kensaku Morita has wiped away the stain of defeat in the election of four years ago. He won by gaining support of the unaffiliated voters, advocating a policy of giving priority to prefectural residents rather than party affiliation. Carrying out a high profile campaign, he grabbed the lead early on in the campaign. Voters apparently expect him to publicize the image of Chiba across the nation, as being done now by Miyazaki Gov. Hideo Higashikokubaru and Osaka Gov. Toru Hashimoto.

During the election campaign, no Chiba Prefectural Assembly members belonging to the LDP delivered speeches to support Morita, content to back him from behind the scenes. Morita did not ask any influential Diet members and celebrities to support his campaign. He was able to project a bright image of himself during his campaign, although there is the growing sense of impasse among the public due to the economic recession. He appealed to voters with such short phrases as "Let's take advantage of Chiba's potential," rather than playing up specific policies.

Meanwhile, Yoshida, who was named by incumbent Gov. Akiko Domoto as her successor, was defeated. He was unable to clarify his differences with Morita, although he ran openly as being recommended

by the DPJ. Due to his low profile, he could not gain the attention of floating votes. The donation scandal involving Nishimatsu appears to have spoiled Yoshida's chances.

Morita avoided specific policies, except for promising to drastically cut the toll on the Tokyo Bay Aqua-Line bridge-tunnel to

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800 yen, as well as the introduction of a linear-car high-speed transport system between Narita and Haneda airports. His election strategy was effective. For the new Chiba governor, however, there are many issues to address, including the reconstruction of Chiba's financial condition, the creation of a new medical service system, and measures to boost jobs. Morita's administrative skills will be tested immediately upon assuming office.

4) Drive to unseat Ozawa from DPJ president's post likely to rekindle

TOKYO SHIMBUN (Page 2) (Excerpts)
March 30, 2009

With the defeat in Sunday's Chiba prefectural gubernatorial election of the candidate recommended by the Democratic Party of Japan (DPJ), calls for DPJ President Ichiro Ozawa's resignation from his post are certain to flare up again. Since it is unavoidable that concern over the next House of Representatives election will gradually spread in the main opposition party, the headwind again building up against Ozawa will not likely weaken.

DPJ Secretary General Yukio Hatoyama released a comment on the result of the Chiba election that says: "The DPJ will do its best in order to achieve a change in government, by becoming a party that is trusted by the public."

It had been reported that the DPJ candidate would have an uphill battle in the election, regardless of disarray in choosing its candidate.

Given an additional blow by the donation scandal involving Nishimatsu Construction Co., Ozawa, who had refrained from going on a stumping, visited Chiba on March 28. The dominant view in the DPJ is that the defeat of its candidate resulted mainly in the fundraising scandal.

Yesterday noon before the defeat recommended by the DPJ was reported, asked by reporters whether the result of the gubernatorial race would become material to judge Ozawa's fate, Hatoyama said: "Since this is a local election, there is no possibility to do so. With Lower House dissolution approaching, how each candidate is doing in the election is everything." He appears to have taken a precaution to prevent the result of the Chiba gubernatorial race and calls for Ozawa's resignation as party leader from being linked.

However, important local elections -- the Akita gubernatorial election on April 12 and the mayoral election of Nagoya City on April 16 -- will be held.

5) METI Minister Nikai's office to be prosecuted on charge of receiving political donations from Nishimatsu

YOMIURI (Top Play) (Excerpts)
March 30, 2009

There have been charges emerging that Nishimatsu Construction Co., a second-tier general contractor, had paid in its entirety the rent of a condominium unit used as an office by a political organization of Economy, Trade and Industry Minister Toshihiro Nikai. The Tokyo District Public Prosecutors Office's special investigation squad has decided to establish a case against the organization on charges of

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violating the Political Funds Control Law. Prosecutors apparently suspect the company's payments for the annual rent of about 2.8

million yen violate the said law, which prohibits politicians from receiving corporate donations. In a case of illegal political donations from Nishimatsu to an office linked to Democratic Party of Japan President Ichiro Ozawa, his first state-funded secretary has already been indicted. The investigation in this case is expected to spread to political organizations connected to other Liberal Democratic Party lawmakers.

According to Nishimatsu sources, its Kansai branch office was asked by Nikai's younger brother around 1999 to provide an office to Kansai Shinpu-kai (Kansai New Wind Association), a political organization that is operated by the brother. In response to the request, Mikio Kunisawa, who was then president of Nishimatsu and has been prosecuted on charges of violating the said law, decided to provide the organization with an office free of charge and instructed his subordinates to have OA Engineering Co., a Nishimatsu-connected design company, buy a condominium. The design company purchased a condo unit in Osaka for approximately 40 million yen, but the money was paid by Nishimatsu. Nishimatsu had the unit refurbished for use as an office. OA Engineering and Kansai Shinpu-kai later concluded a lease on the condo at an annual rent of about 2.8 million yen. The political organization had been using the property until late February.

To cover the rent, Nishimatsu began in 2006 to send 3 million yen annually to the LDP's Wakayama Constituency No. 3 chapter, represented by Nikai, under the names of its 60 employees and their families. The chapter then transferred the money to Kansai Shinpu-kai through a Nikai-related organization, Nikai Toshihiro Shinpu-kai in Wakayama Prefecture. Kansai Shinpu-kai has been paying about 2.8 million yen as the annual rent to OA Engineering.

6) Delegates from Japan, U.S., South Korea agree to have UNSC handle issue if North Korea launches missile

YOMIURI (Page 1) (Full)
Evening, March 28, 2009

Jun Kato, Washington

The chief negotiators from Japan, the United States, and South Korea of the six-party talks on North Korea's nuclear programs met in Washington on the evening of March 27, local time. The representatives discussed the issue of Pyongyang preparing to launch what it calls a satellite but other countries believe may be a ballistic missile. The delegates agreed that if the North launches a projectile, while calling it a satellite, the launch would constitute a violation of a UN Security Council resolution and that the issue should be discussed at the UNSC. They also agreed to urge North Korea to refrain from launching any projectile.

Participating in the meeting were Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Akitaka Saiki, U.S. Special Envoy to the Six-Party Talks Sung Kim, and South Korean chief delegate Wi Sung Lac. They also exchanged views on the impact of the North Korean missile problem on the nuclear issue.

After the trilateral meeting, Saiki told reporters: "A launch would violate a UNSC resolution, no matter how the North describes it. We reconfirmed that if the North fires a projectile, we will

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immediately have the matter discusses at the UNSC." Saiki then indicated that it would become difficult for the six-party talks to be resumed for the time being, remarking: "The missile issue is linked to the six-party talks."

Prior to the meeting, Saiki also held talks with U.S. Special Representative for North Korea Policy Bosworth and others.

Pyongyang has claimed that if the UNSC discusses any document or resolution criticizing North Korea, the six-party talks would come to an end.

7) Japanese, British leaders define North Korea's expected missile launch as violation of UN resolutions

SANKEI (Page 5) (Full)
March 30, 2009

Prime Minister Taro Aso held a telephone conversation with British Prime Minister Gordon Brown at his official residence last night, in which the two leaders shared the view that North Korea's expected launch of a long-range ballistic missile would violate a United Nations Security Council's (UNSC) resolutions.

Aso and Brown agreed that North Korea should refrain from any conduct that would "impair the peace and security of the region." The leaders then confirmed that if the North launches a missile, the matter should be taken to the UNSC.

8) Defense Ministry, Kantei at odds over security policy

TOKYO SHIMBUN (Page 2) (Full)
March 29, 2009

There are inconsistencies within the government over its security policy measures, such as how to deal with the long-range ballistic missile North Korea is about to launch, calling it an "artificial satellite."

The defense minister issued a destruct order to the Self-Defense Forces on March 27 allowing them to use the missile defense (MD) system. The policy process found the Defense Ministry and the prime minister's office or Kantei at odds with each other. A senior official of the Defense Ministry admitted that there was a "gap" with the Kantei.

The Defense Ministry wanted to have the destruct order adopted in a cabinet meeting since it did not want to be blamed should the SDF fail to intercept the missile. Meanwhile, the Kantei was concerned it might irritate North Korea by having the cabinet adopt the destruct order. In addition, the Kantei was cautious because the making of a cabinet decision could conclude that the projectile would be headed for Japan.

In the end, the government called a meeting of the Security Council of Japan to go through the process of making a decision with the participation of cabinet ministers, including the foreign, defense, and finance ministers. This was done out of consideration to the Defense Ministry's standpoint of seeking to share responsibility.

A government source recently said it would be impossible for the MD system to intercept a ballistic missile. Chief Cabinet Secretary

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Takeo Kawamura and Defense Minister Yasukazu Hamada totally denied that remark. However, there is still a perception gap within the government. Foreign Minister Hirofumi Nakasone said, "It's probably true that it would be difficult (to intercept one)." A Foreign Ministry official said, "It would be better for the Defense Ministry to say little about intercepting."

9) Japan, U.S. to carry out joint research in eight state-of-the-art areas, including environment and energy fields

YOMIURI (Top Play) (Excerpts)
March 29, 2009

The Yomiuri Shimbun has learned that the governments of Japan and the U.S. will form a comprehensive tie-up to promote joint research in eight cutting-edge areas, including solar-energy generation and biofuels. Responsible organizations of the two countries will sign a memorandum to that effect possibly in April. The two governments are also looking into setting up a government-private sector joint taskforce. The aim of the initiative is to take the global lead in such high-growth potential areas as the environment and energy by strengthening cooperative ties.

Prime Minister Aso and President Obama, during their summit meeting in February, agreed to bilateral technical cooperation to promote new energies and expand use of next-generation automobiles. The

envisaged tie-up is the first tangible step in that effort.

Five national research centers, such as Japan's National Institute of Advanced Industrial Science and Technology (AIST) located in Tsukuba City, Ibaraki Prefecture, and the Los Alamos National Laboratory of the U.S. Energy Department, will take part in the joint research.

The following eight areas will be covered by the project: solar energy generation; the manufacturing of biofuels using vegetable cellulose; and the carbon dioxide capture and storage (CCS) technology to contain carbon dioxide emitted at thermal power plants.

10) Net ODA outlays last year rise for first time in three years, but Japan's performance remained in fifth place among major donors

NIKKEI (Page 2) (Full)
March 28, 2009

The Organization for Economic Cooperation and Development (OECD) revealed on March 27 its provisional calculations of official development assistance (ODA) performances in 2008. Japan's net outlays determined by deducting repaid loans from actual disbursements stood at \$9.36 billion or 969 billion yen, up 21.9 PERCENT over the preceding year, and the first rise in three years. However, Japan's ranking among major donors remained in the fifth spot, as it was last year.

The OECD's Development and Assistance Committee (DAC) will release the figures on the 30th. The amounts of ODA extended by the 12 DAC member nations reached \$119.6 billion, up 15.6 PERCENT, resetting a record high reached in 2005. Japan was the top ODA donor during the 1990s until 2000.

11) Prime minister to announce pledge of ODA worth 2 trillion yen to

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Asia at financial summit

NIKKEI (Page 1) (Full)
March 28, 2009

Prime Minister Taro Aso on March 27 decided to announce at the Group of 20 financial summit in London on April 2 a plan to extend 2 trillion yen or roughly 20 billion dollars in official development assistance (ODA) to Asia. The aim is to assist with ODA funds those Asian countries whose economies have been affected by the international financial crisis by a shortage of capital. The ODA will be used for farm-village development and for infrastructure that would lead to expanded domestic demand and strengthening growth potential.

The prime minister in a speech at the World Economic Forum Annual Meeting (Davos Conference) in January announced a plan to disburse 1.5 trillion yen in ODA to Asia. However, with the global economic recession becoming even more serious, the government has determined that it has become necessary to boost that assistance. Japan will underscore its stance of tackling Asian assistance by adding 500 billion yen to the original plan.

The ODA will be extended in principle as yen loans. Although no specific timeframe will be set, assistance will probably be extended over a three-year period, starting this year. The government will speed up a process of determining recipient countries with a focus on India, Indonesia and other Asian countries. It will also look into expanding program loans aimed at having the recipients improve their policies. The aid will have a strong aspect of being fiscal assistance.

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